

# What next for the commercial property market?

There's no doubt that the UK going into lockdown has affected us all. In terms of the commercial property market, many landlords and tenants have found it tough.

Businesses have had to change the way they work, reduce trading or shut up shop. Many landlords agreed to receive a reduced or no income for a period of time.

Property costs like rents and rates remain a primary concern. Traditionally paid quarterly, the next payment date is upon us, 24<sup>th</sup> June.

As grant monies are used and with business rate free periods potentially ending next year, what will the future be for the commercial property market?

## **Good relationships are key**

Financial stress puts pressure on all relationships, professional and personal.

Tenants have been worried about meeting financial and contractual obligations. Landlords have been anxious about rents being paid.

There's a misconception that landlords are cash-rich. Quite often their wealth is tied up in the properties they own.

If both parties are willing to have an open and frank conversation, they are more likely to explore and agree on unconventional ways to manage rent.

An unbiased third party is often best placed to mediate difficult situations like these to achieve the best outcome for everyone.

## **Alternative ways to cover rents and rates**

As a [qualified chartered surveyor](#) with 30 years' property experience, I have seen the highs and lows in the commercial property market.

I represent lots of different landlords where I have a role to play in helping them. Over the last three months, I have had 25 different discussions with businesses regarding rent.

Fortunately, my clients take a long term approach and are reasonable people who value my constructive approach to find a solution where a problem exists.

In many cases solutions have been found:

- Agreement for a delay in payment
- Moving from quarterly payments to monthly
- Agreement to deferment, so agreement that unpaid rent is paid in the future
- Half rent for a period of time
- Complete rent-free linked to a new lease
- Use of rent deposit with an agreement to top up the deposit at an agreed time.

Each of these outcomes follows a discussion with the business and then with my client. The outcome is therefore different depending on the circumstances.

Some of my clients have high street retailers and hospitality businesses as their tenants where trading had virtually or completely ceased.

The Government financial aid packages, particularly the small business, retail and hospitality grants, have certainly helped.

While some retailers have had to keep paying rent at the full level they have been able to use the grant to fund their obligation.

These grants, linked with the business rates holidays for some sectors, have provided a much-needed lifeline. I am not sure where many would be without.

But as financial support fades, the strength of the landlord and tenant relationship will again be key. There is a need for ongoing dialogue and understanding of one of another's position.

If you are a property owner wondering how to respond to your tenants' need for short term assistance or have any other commercial property concerns, I can help. Feel free to connect with me here, call me on 01295 983 333 or email me at [neil@wild-property.co.uk](mailto:neil@wild-property.co.uk).

### **How do you feel about the outlook for the UK's commercial property market?**

The UK commercial property market is constantly changing, creating both uncertainty and opportunity and I would welcome your views on the sector.

I am inviting landlords, investors, advisors, businesses large and small whom might be a tenant or have an interest in the sector, to take part in a survey on the outlook for commercial property - can you spare 3-5 minutes?

[Take the survey now >>>](#)